DOCUMENT RESUME

ED 265 088 SO 016 927

AUTHOR Paradiso, James R.
TITLE Fail-Safe Entrepreneurship: Six Reasons You Shouldn't Start a Small Business.
PUB DATE 85
NOTE 5p.
PUB TYPE Viewpoints (120)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Business Administration; Business Education; Economic Factors; *Entrepreneurship; *Small Businesses

ABSTRACT

Given the statistic that 97 percent of all new businesses fail, it is unwise to enter into a new small business venture. Many aspiring entrepreneurs lack the characteristics and background they need to survive and instead display several common characteristics which predispose them to failure, such as being non-aggressive and casual, failing to develop an action plan or seek professional advice, and lacking sufficient managerial experience. Moreover, they often do not realize the number of uncontrollable factors working against the success of a new business. These negatives are presented as a six-point argument, following which readers are invited to make tape-recorded rebuttals to each point, then wait a week, then play back the tape as detached observers while mentally asking a set of objective questions about the person on the tape as a potential business owner. The person who can answer all these questions positively might be among the three percent of new business owners who succeed. (LP)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

James R. Paradiso

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

ED265088

FAIL-SAFE ENTREPRENEURSHIP: SIX REASONS YOU SHOULDN'T START A SMALL BUSINESS

James R. Paradiso
College of Lake County
Business Division
19351 West Washington
Grayslake, IL 60030
312/223-6601, X525

SP 016 927

- o Inc., Venture, Success, The Small Business Reporter - the media support you.
- o SBA, SCORE, ACE, SBDC, OMBE - government favors you.
- o Control Data, Center for Entrepreneurial Management, The Forum Corporation - the private sector needs you.
- o High schools, junior and 4-year colleges, graduate schools, continuing and adult education programs - instruction awaits you.
- o Prospective suppliers, creditors, trade associations, networks - industry is behind you.

But, you can't cut it! Ninety-seven percent of all new businesses fail; over 50% fail within the first five years.

Perhaps the time has come to dissuade rather than encourage aspiring entrepreneurs. Instead of listing umpteen how-to's for birthing a new venture, here are six reasons for not launching that ship.

1. The Wrong Stuff

   You're not Chuck Yaeger or Sam Shepherd. In your mind, making a lot of money is largely a matter of getting the right breaks, and a great deal that happens to you is probably a matter of chance. You have a low need for achievement and a high need for affiliation with other people. You're a non-aggressive, casual person. You're overwhelmed and overloaded when situations seem to have too much information. You're willing to buck strong odds in trying to overcome an almost impossible situation.

2. Terminal Myopia

   You're shortsighted; you lack foresight. For you, research and planning are unaffordable luxuries. Work is action. Professional support from accountants, lawyers, bankers, insurance reps, and consultants is an expensive evil. Money should be spent on promotion only when your business isn't doing well. Developing a business plan is a waste

of valuable time. The SBA is a joke. Government is out to get you. Contingency planning is academic pap. Long term means next week. Each new happening is usually a crisis. Different parts of your life seem to be working against each other.

3. Egocentricity

If people don't agree with you, they're wrong. You intuit sales projections and cost estimates. The product or service you'll offer will be irresistible. The market will hear about your business by word-of-mouth. Anyone is dispensable. If someone can't or won't do whatever to your satisfaction,you can do it yourself as well or better. There will always be a market for your product or service. Businesses are not interdependent. Most people irritate you.

4. Delusion

You believe that your family will support whatever you do. Starting a new businesses is simple; one merely makes something and then finds somebody to buy it. You're starting a new business because you'll finally be your own boss. You can live with any amount of risk. All you can lose if your business fails is money; your friends, reputation, and family are yours forever. You're as young as you were twenty years ago plus twice as strong and three times as smart. You believe your own shtick.

5. Incompetence

You're in over your head. You lack managerial experience. Perhaps you've never worked in the industry you've targeted ,or your business experience is unbalanced:that is, not well rounded in sales, finance, purchasing, and production. You lack empathy, the ability to put yourself in another's position.You're not objective in interpersonal relations; you react emotionally in dealing with subordinates.

You've never questioned your own strengths and weaknesses; you're unconcerned about what others think of you.

6. Inopportunity

Maybe, just maybe, a legion of immutable and uncontrollable factors will preclude your success in small business. Perhaps business depression, bad-debt losses, competition, government, suppliers, fraud, middlemen, market values, technology, and/or natural disaster will put you under.

Now, if you're apathetic about these six reasons for not starting your own small business, perhaps you're beyond help. But, if you're livid and only if your bristling because of what you've read so far, try this prescription. Take out an audio cassette and cassette recorder. Turn it on, responding to each of the six accusations in your own words to the best of your ability. Then, put the cassette away for a week. When you play back your answers, pretend that you're listening to a stranger for the first time.

Would you loan this person money for a new venture? Would you sell this person anything on account? Would you advance venture capital to this person? Would you consider working with or for this person? Would you write a character reference for this person?

If your answer to these questions is positive, perhaps you'll be among the 3% of all new business owners who succeed. If your answer is negative or generally negative, do yourself a favor. Consider working for somebody else, starting your business part-time on a trial basis, or not launching a new business at all.

The lives you save may be your own: financial, emotional, social, and psychological.